

Senate Engrossed House Bill

FILED

**KEN BENNETT
SECRETARY OF STATE**

State of Arizona
House of Representatives
Fiftieth Legislature
First Regular Session
2011

CHAPTER 195

HOUSE BILL 2301

AN ACT

AMENDING SECTIONS 15-962 AND 43-1089.01, ARIZONA REVISED STATUTES; RELATING
TO SCHOOL FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-962, Arizona Revised Statutes, is amended to
3 read:

4 15-962. Soft capital allocation

5 A. A soft capital allocation per student count is established for
6 fiscal year 1999-2000, as follows:

7 1. For kindergarten programs and grades one through eight, multiply
8 one hundred ninety-four dollars thirty cents by the weight ~~which~~ THAT
9 corresponds to the student count for kindergarten programs and grades one
10 through eight for the school district as provided in section 15-943,
11 paragraph 1, subdivision (a), column 3.

12 2. For grades nine through twelve, multiply one hundred ninety-four
13 dollars thirty cents by the weight ~~which~~ THAT corresponds to the student
14 count as provided in section 15-943, paragraph 1, subdivision (a), column 3.

15 3. For a school district with a student count of six hundred or more
16 in kindergarten programs and grades one through eight or grades nine through
17 twelve, multiply one hundred ninety-four dollars thirty cents by 1.158.

18 4. For programs for preschool children with disabilities, multiply one
19 hundred ninety-four dollars thirty cents by 1.158.

20 B. Beginning with fiscal year 1999-2000, the soft capital allocation
21 prescribed in subsection A of this section shall be adjusted by the growth
22 rate prescribed by law, subject to appropriation.

23 C. Beginning in fiscal year 1999-2000, the soft capital allocation for
24 a school district is computed as follows:

25 1. Select the applicable soft capital allocation per student count for
26 the school district as provided in subsection A of this section.

27 2. Multiply the amount selected in paragraph 1 of this subsection by
28 the appropriate student count of the school district. The student count of
29 the school district shall not include any pupils in a charter school
30 sponsored by the school district pursuant to section 15-185, subsection A,
31 paragraph 3.

32 D. A school district shall receive its soft capital allocation in the
33 amount determined in this section from monies appropriated for this purpose
34 to the department of education. Soft capital allocation monies ~~shall only~~
35 MAY be used for short-term capital items that are required to meet academic
36 adequacy standards such as technology, textbooks, library resources,
37 instructional aids, pupil transportation vehicles, furniture and equipment.
38 ~~School districts shall not use any portion of soft capital allocation monies~~
39 ~~for maintenance and operation expenses. School districts may use soft~~
40 ~~capital allocation monies to meet administrative soft capital purposes after~~
41 ~~complying with the adequacy standards prescribed in section 15-2011.~~

42 E. School districts shall establish a district soft capital allocation
43 fund and ~~shall use the monies only for the purposes prescribed in subsection~~
44 ~~D of this section.~~ The ending unexpended budget balance in the school
45 district's soft capital allocation fund may be used in following fiscal years

1 ~~for short term capital items.~~ School districts shall provide to the
2 superintendent of public instruction an itemized accounting on forms provided
3 by the department of education that details the expenditures of soft capital
4 allocation monies at each school in the district. The superintendent of
5 public instruction shall forward a copy of the report to the school
6 facilities board established by section 15-2001.

7 F. A school district governing board may petition the state board of
8 education for authority to budget and accumulate for school construction,
9 building renovation or soft capital purposes a portion of the prior year's
10 ending cash balance, not to exceed the amount of title VIII of the elementary
11 and secondary education act of 1965 monies which the school district was
12 entitled to receive in the prior year, as computed by the superintendent of
13 public instruction, if:

14 1. The governing board filed with the United States department of
15 education division of impact aid an approved application for federal
16 assistance for construction under ~~P.L.~~ PUBLIC LAW 81-815 for the current or
17 budget year and has been advised by the division of impact aid that no
18 federal monies are available to fund its application.

19 2. The school district has a computed assessed valuation per pupil
20 which THAT is below the median amount computed by the superintendent of
21 public instruction for all school districts.

22 3. The governing board has used any available revenues to reduce its
23 primary tax rate to zero for any year in which it petitions to budget and
24 accumulate monies received under title VIII of the elementary and secondary
25 education act of 1965 for school construction purposes.

26 The state board of education may grant approval to a school district
27 governing board to annually budget in the unrestricted capital outlay section
28 of the budget a portion of the cash balance, not to exceed the amount of
29 title VIII of the elementary and secondary education act of 1965 monies which
30 the school district was entitled to receive in the prior year as computed by
31 the superintendent of public instruction.

32 G. The state board of education shall not include in the aggregate
33 expenditures of local revenues as determined in section 15-911 the amount of
34 revenues collected pursuant to the soft capital allocation limit. The amount
35 of revenues collected for the soft capital allocation limit is the capital
36 levy as authorized by law.

37 Sec. 2. Section 43-1089.01, Arizona Revised Statutes, is amended to
38 read:

39 43-1089.01. Tax credit; public school fees and contributions;
40 definitions

41 A. A credit is allowed against the taxes imposed by this title for the
42 amount of any fees or cash contributions by a taxpayer or on the taxpayer's
43 behalf pursuant to section 43-401, subsection I during the taxable year to a
44 public school located in this state for the support of extracurricular

1 activities or character education programs of the public school, but not
2 exceeding:

3 1. Two hundred dollars for a single individual or a head of household.

4 2. Three hundred dollars in taxable year 2005 for a married couple
5 filing a joint return.

6 3. Four hundred dollars in taxable year 2006 and any subsequent
7 taxable year for a married couple filing a joint return.

8 B. A husband and wife who file separate returns for a taxable year in
9 which they could have filed a joint return may each claim only one-half of
10 the tax credit that would have been allowed for a joint return.

11 C. The credit allowed by this section is in lieu of any deduction
12 pursuant to section 170 of the internal revenue code and taken for state tax
13 purposes.

14 D. If the allowable tax credit exceeds the taxes otherwise due under
15 this title on the claimant's income, or if there are no taxes due under this
16 title, the taxpayer may carry the amount of the claim not used to offset the
17 taxes under this title forward for not more than five consecutive taxable
18 years' income tax liability.

19 E. The site council of the public school that receives contributions
20 that are not designated for a specific purpose shall determine how the
21 contributions are used at the school site. If a charter school does not have
22 a site council, the principal, director or chief administrator of the charter
23 school shall determine how the contributions that are not designated for a
24 specific purpose are used at the school site. IF AT THE END OF A FISCAL YEAR
25 A PUBLIC SCHOOL HAS UNSPENT CONTRIBUTIONS THAT WERE PREVIOUSLY DESIGNATED FOR
26 A SPECIFIC PURPOSE OR PROGRAM AND THAT PURPOSE OR PROGRAM HAS BEEN
27 DISCONTINUED OR HAS NOT BEEN USED FOR TWO CONSECUTIVE FISCAL YEARS, THESE
28 CONTRIBUTIONS SHALL BE CONSIDERED UNDESIGNATED IN THE FOLLOWING FISCAL YEAR
29 FOR THE PURPOSES OF THIS SUBSECTION.

30 F. A public school that receives fees or a cash contribution pursuant
31 to subsection A of this section shall report to the department, in a form
32 prescribed by the department, by February 28 of each year the following
33 information:

34 1. The total number of fee and cash contribution payments received
35 during the previous calendar year.

36 2. The total dollar amount of fees and contributions received during
37 the previous calendar year.

38 3. The total dollar amount of fees and contributions spent by the
39 school during the previous calendar year, CATEGORIZED BY SPECIFIC
40 EXTRACURRICULAR ACTIVITY OR CHARACTER EDUCATION PROGRAM.

41 G. For the purposes of this section:

42 1. "Character education programs" means a program described in section
43 15-719.

1 2. "Extracurricular activities" means school sponsored activities that
2 require enrolled students to pay a fee in order to participate, including
3 fees for:

- 4 (a) Band uniforms.
5 (b) Equipment or uniforms for varsity athletic activities.
6 (c) Scientific laboratory materials.
7 (d) In-state or out-of-state trips that are solely for competitive
8 events. Extracurricular activities do not include any senior trips or events
9 that are recreational, amusement or tourist activities.

10 3. "Public school" means a school that is part of a school district, a
11 joint technical education district or a charter school.

12 Sec. 3. Conforming legislation

13 The legislative council staff shall prepare proposed legislation
14 conforming the Arizona Revised Statutes to the provisions of this act for
15 consideration in the fiftieth legislature, second regular session.

16 Sec. 4. Unencumbered monies; uses; short-term capital items

17 A public school may use up to fifty per cent of the unencumbered
18 contributions it received in any previous fiscal year pursuant to section
19 43-1089.01, Arizona Revised Statutes, for short-term capital items such as
20 technology, textbooks, library resources, instructional aids, pupil
21 transportation vehicles, furniture and equipment in fiscal years 2011-2012
22 and 2012-2013. This section does not apply to contributions received after
23 tax year 2010. A public school that uses unencumbered contributions for
24 short-term capital items shall report these expenditures to the joint
25 legislative budget committee at the end of each fiscal year.

APPROVED BY THE GOVERNOR APRIL 19, 2011.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 19, 2011.

Passed the House March 15, 20 11

by the following vote: 36 Ayes,

20 Nays, 4 Not Voting

[Signature]
Speaker of the House
Pro Tempore

Cheryl Laube
Chief Clerk of the House

Passed the Senate April 7, 20 11

by the following vote: 20 Ayes,

8 Nays, 2 Not Voting

[Signature]
President of the Senate

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

 day of , 20

at o'clock M.

Secretary to the Governor

Approved this day of

at o'clock M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this day of , 20

at o'clock M.

Secretary of State

H.B. 2301

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

April 13, 2011,

by the following vote: 41 Ayes,

16 Nays, 3 Not Voting

[Signature]
Speaker of the House

Cheryl Laube
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

14 day of April, 2011,

at 8:32 o'clock A. M.

[Signature]
Secretary to the Governor

Approved this 19th day of

April, 2011,

at 3:40 o'clock P. M.

[Signature]
Governor of Arizona

H.B. 2301

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 19th day of April, 2011,

at 5:43 o'clock P. M.

[Signature]
Secretary of State